

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4576
ANSWERED ON:23.12.2005
DUTY EVASION
Singh Shri Prabhunath

Will the Minister of FINANCE be pleased to state:

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- (a) whether the transaction value includes all elements such as equalized freight, freight and insurance, dealer's margin, service licence fee, excess freight charges recovered, retail outlet charges, predelivery inspection charges, installation charges, etc., which add value to the goods before they are marketed,.
- (b) whether most of the companies are not including the transaction value to evade duty.
- (c) if so, whether the government inquired into this and if so, the number of companies found evading duty on this account and the quantum of duty evaded by them, and
- (d) the action taken to recover the dues from the?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) All amounts (except tax, duty etc.) charged by the manufacturer from its customers in the transaction of sale are includible in the transaction value. Therefore, any charges collected by the manufacturer, which add value to the goods before they are marketed, forms the part of transaction value.
- (b) No, Sir. However, some cases of non-inclusion of the elements in the transaction value have been detected.
- (c) The Government is aware of this and a total of 723 cases have been detected involving a duty of Rupees 621.92 crores.
- (d) Action is being taken under the Central Excise Act, 1944 and the rules made there under to recover the duty involved.